



Royal College of Art

Postgraduate Art and Design

Counter-Fraud Policy and Fraud Response Plan

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1. Introduction

- 1.1. The Royal College of Art ('the College') is committed to the proper use and stewardship of all funds. The College is committed to the prevention of fraud and the promotion of an anti-fraud culture.
- 1.2. It is essential that everyone associated with the College- including contracted and temporary staff, students, members of the Council and co-opted members of its sub-committees, contractors and third-parties (for the purposes of this policy termed employees and associated persons) are aware of the risk of fraud, corruption, theft and other activities involving dishonesty, in all its forms.
- 1.3. Where the word employees is used, this is used to cover all the College's employees including permanent staff, temporary staff and agency contractors.
- 1.4. The College requires its employees and associated persons to act honestly and with integrity at all times and to report all reasonable suspicions of fraud.
- 1.5. The College will investigate all instances of actual, attempted and suspected fraud committed by its employees and associated persons.
- 1.6. The College has a zero tolerance policy towards fraud and aims to reduce instances of fraud, whether by internal or external parties, to the absolute practical minimum and to also put in place arrangements that hold any fraud to a minimum level on an ongoing basis.
- 1.7. The College's approach to counter-fraud will be comprehensive, cost-effective and professional, using specialist expertise as appropriate.

2. Definitions

- 2.1. The [Fraud Act 2006](#) defines the criminal offence of fraud. Fraud can be defined as:
 - Wrongful or criminal deception intended to result in financial or personal gain and;
 - a person or thing intended to deceive others, typically by unjustifiably claiming or being credited with accomplishments or qualities.
- 2.2. This can include the misuse of funds or other resources, or more complicated crimes such as false accounting and the supply of false information.
- 2.3. Examples of fraud that are relevant to the College include, but are not limited to:
 - Fraud involving cash, physical assets or confidential information. This could include unapproved use of College assets for personal gain;
 - Misuse of accounts;
 - Procurement Fraud including purchasing items for personal use with College funds;
 - Payroll fraud;
 - Financial accounting fraud;
 - Fraudulent expense claims;
 - Reference, qualification and related employment fraud;

- Recruitment and appointment fraud;
 - Bribery and corruption fraud;
 - Academic fraud including immigration, admissions, internships, examinations and awards;
 - falsely claiming overtime or travel expenses
 - undertaking activities for personal gain during paid University time without appropriate approval.
- 2.4. Individuals can be prosecuted under the Fraud Act 2006 if they make a false representation, fail to disclose information or abuse their position.
- 2.5. Corruption can be defined as dishonest or fraudulent conduct, typically involving bribery. Bribery itself can be defined as the offering, giving, receiving or soliciting of any item of value (money, goods, favours or other forms of (recompense) to influence the actions of an official or other person in charge of a public or legal duty. Further details can be found in the Anti-Bribery Policy.

3. Counter-fraud policy objective

- 3.1. The College adopts a multi-faceted approach to fraud. The eight key objectives of the College's Counter-Fraud Policy are:
- Establishment of a counter-fraud culture;
 - Maximum deterrence of fraud;
 - Active and successful prevention of any fraud that cannot be deterred;
 - Rapid detection of any fraud that cannot be prevented;
 - Professional investigation of any detected fraud;
 - Effective internal and external actions and sanctions against people found to be committing fraud, including legal action for criminal offences;
 - Effective communication and learning in relation to fraud, and effective methods for seeking redress when fraud has been perpetrated.
- 3.2. The overriding objective of the College's counter-fraud activity is to ensure that:
- Fraud is seen as unacceptable by each and every employee and associated person and;
 - Counter-fraud is seen to have the unwavering focus of the College as a whole.
- 3.3. This document sets out the College's policy and procedures for dealing with suspected cases of fraud, including corruption, and includes summarised instructions about what to do, and who to contact should any fraud-related concerns arise.
- 3.4. This policy does not cover theft and other criminal/illegal acts involving dishonesty. The College has an established Public Interest Disclosure Policy and process which should be used as guidance for reporting any suspected criminal/illegal behaviour or actions.

4. Counter-fraud policy

- 4.1. the College has a zero tolerance of fraud and is committed to:
 - Reducing fraud associated with any of its activities, operations and locations to the absolute practical minimum and;
 - to the robust investigation of any fraud issues that should arise. Any such investigation will be conducted without regard to factors such as position, title or length of service.
- 4.2. Where any acts of fraud or corruption are proven, the College will make every endeavour to ensure that the perpetrator(s) are dealt with to the full extent of the law and College's disciplinary policy processes and will also take steps to recover any and all losses in full.
- 4.3. It is the responsibility of everyone associated with the College, all its employees and associated persons to report any fairly based suspicions of fraud or corruption. The College has a "no retaliation" policy for people reporting reasonably-held suspicions, and concerns can be raised if necessary under the College's Public Interest Disclosure Policy.
- 4.4. This policy applies to any fraud, or suspected fraud involving any of the College's employees or associated persons.

5. Officers' and Employees Responsibilities

- 5.1. The President and Vice-Chancellor is responsible for:
 - Ensuring that as soon as is reasonably practicable any incident of actual or suspected fraud is reported to the Chair of Council and the Chair of the Audit and Risk Committee where required under the Fraud Awareness Policy.
 - Determining whether a report should be made to OfS as a Reportable Event under the Regulatory Framework.
- 5.2. The Chief Financial Officer is Responsible for:
 - Developing, implementing and maintaining adequate systems of financial management and internal control to prevent and detect financial fraud.
- 5.3. The Chief Operating Officer is responsible for:
 - Developing, implementing and maintaining adequate systems of management and internal control to prevent and detect non-financial fraud. Eg Identity fraud related to student applications.
- 5.4. The College Secretary is responsible for:
 - Acting as the investigating officer on receipt of information regarding actual or suspected incidents of fraud or irregularity.
 - Convening the fraud response panel.
 - Reporting all frauds, irrespective of size to the Police through the Action Fraud website [http:// www.actionfraud.police.uk](http://www.actionfraud.police.uk)

- Contact the police and arrange a meeting where a significant fraud has occurred. All contact with the police should be channelled through the College Secretary.
- Informing the Chair of Audit and Risk Committee, coordinating with the President and Vice-Chancellor as appropriate

5.5. Employees are responsible for:

- Maintaining and monitoring compliance with internal controls and agreed policies and procedures.
- Immediately reporting details of any suspected fraud, whether by an employee or an external organisation.
- Assisting in the investigation of suspected fraud.

6. Role of Audit and Risk Committee

- 6.1. To receive reports, on an exception basis, of incidents and suspected incidents when they are reported.
- 6.2. Review the response to these incidents to ensure the policy has been applied.

7. Counter-fraud actions, including ‘Dos and Don’ts’

- 7.1. Where there is suspicion that fraud or corruption has occurred, or is about to occur, it is essential that the appropriate person within the College is contacted immediately. The full procedure for reporting is documented in the [Public Interest Disclosure Policy](#). Initial steps are:
- In the first instance, disclosures should be to the line manager
 - If this is inappropriate (i.e. where the line manager is suspected of fraud) or has proved ineffective (i.e. no response has been received), the individual should make the disclosure to the College Secretary who has been designated by the Council as the person responsible for considering such allegations.
 - If the disclosure is related to the College Secretary, then the disclosure should be made to the President & Vice-Chancellor.
 - If the individual does not wish to make the disclosure to any of the above they may raise the matter with the Chair of the Audit and Risk Committee, who can be contacted through the College's internal auditors:

Ben Connor

PwC – Director

Email: benjamin.e.connor@pwc.com

PriceWaterhouse Coopers LLP

One Chamberlain Square

Birmingham

B3 3AX

7.2. Some 'Dos and Don'ts'

- **DO** undertake the mandatory staff training on Fraud Awareness on Moodle to ensure you have an understanding of fraud and fraud risks relating to the College.
- **DO** report your concerns, as above; reports will be treated as confidential
- **DO** persist if your concerns remain.
- **DO** retain or copy any relevant document (s). This holds documents for use in any subsequent investigation and avoids any documents being accidentally or purposely destroyed.
- **DO** seek advice from an appropriate person as detailed in the [Public Interest Disclosure Policy](#).
- **DON'T** confront an individual or individuals with your suspicions.
- **DON'T** discuss your concerns with colleagues or anyone else other than an appropriate person as detailed in the Public Interest Disclosure Policy. All reports will be dealt with in confidence. Only staff who need to know will be informed.
- **DON'T** contact the police directly – that decision is the responsibility of the appropriate person and other senior College officers/Board members.
- **DON'T** under any circumstances suspend anyone if you are a line manager without direct advice from People and Culture and other appropriate person(s).

7.3. The College has a 'no retaliation' policy for people reporting reasonably held concerns and suspicions, and any retaliation against such people including victimisation and deterring/preventing reporting will result in disciplinary action. Equally, the abuse of process by reporting malicious allegations will also result in disciplinary action.

7.4. Any contravention of the no-retaliation policy should be reported through the dedicated process contained in College's Public Interest Disclosure Policy.

8. Fraud with academic implications

- 8.1. Fraud can often be associated with direct financial gain, such as procurement and invoicing fraud. However, in the Higher Education sector, academic fraud is a further possibility, including fraud related to immigration, admissions, internships, examinations and awards.
- 8.2. Such fraudulent activity could be very high-profile, with potentially significant consequences for the College. In such cases, it is again essential that an appropriate person is contacted at the earliest opportunity, together with other senior College officer(s), as deemed appropriate. As each case of this type is different, it is not possible to produce comprehensive and definitive guidance to follow.
- 8.3. Investigation of such fraud may involve a number of stakeholders, including the police, internal audit and professional bodies, but decisions regarding their involvement generally remain the purview of senior College officers.

- 8.4. To ensure that the investigation is not compromised, however, it is vital that the number of people aware of the investigation is kept to an absolute minimum. Notwithstanding, it should be recognised that some frauds of this nature may involve the police initiating their own investigation.

9. Guidance for managers on receiving a report of fraud

- 9.1. Managers who receive a report of a fraud should:
- Listen to the concerns of your staff and treat every report you receive seriously and sensitively. Make sure that all staff concerned are given a fair hearing, bearing in mind that they could be distressed, upset and/or frightened.
 - Reassure your staff that they will not suffer because they have told you of their suspicions, as long as they are made in good faith.
 - Gather as much information as possible. Do not interfere with any evidence and make sure it is kept in a safe place.
- 9.2. Ask the member of staff to keep the matter confidential in order that it can be investigated without alerting the suspected/alleged perpetrator.
- 9.3. Contact the College Secretary to report the fraud/suspected fraud. If the College Secretary is suspected contact the Chief Operating Officer, Chief Financial Officer or President & Vice Chancellor. If the Chief Operating Officer, Chief Financial Officer and President & Vice Chancellor are also suspected of fraud, contact the Chair of the Audit and Risk Committee, who can be contacted through the College's internal auditors.

10. Initiating Action

- 10.1. Suspicions of fraud can be identified through many different routes. This can include the routine operation of controls, alerts from external stakeholders, concerns raised by employees and associated persons, internal and external audit activity or a variety of other sources. It is the duty of all employees to report any actual or suspected incidents of fraud or irregularity. How this is done will depend on the situation encountered, and may include procedures documented in the College's Public Interest Disclosure Policy. Ultimately these should be reported without delay to the College Secretary, who will decide on the appropriate actions to be taken. It may be necessary to convene a meeting of the following Fraud Response Team to decide on the initial response.
- 10.2. Membership of the team should include (at least):
- President & Vice-Chancellor
 - Chief Operating Officer
 - Chief Financial Officer
 - College Secretary
 - Director of People and Culture
 - Other senior staff as determined by the College Secretary (e.g. Legal Counsel, Registrar, Director of Engagement, Brand and Marketing etc.)

- 10.3. The Fraud Response Team will also need to quickly determine the following:
- whether an investigation is necessary
 - who will lead the investigation, usually the College Secretary
 - any necessary additional resources received to support the investigation
 - any immediate need for police or other law enforcement involvement
 - a timetable for the lead investigator to report back progress on the investigation
 - any additional support requirements (e.g. IT facilities, a secure room, secure phone facilities, administrative support etc.)
 - any immediate need for legal advice
 - any immediate need for external, technical support (e.g. forensics, accredited investigators)
 - a PR/media strategy for dealing with the case (both internally and externally)
 - any immediate need to suspend staff; conduct searches and remove staff access (e.g. to files, buildings, computers/systems (including remote access) etc.)
 - any immediate need to report the potential fraud externally (e.g. external auditors, other funders/donors, HMRC, the police etc.).
- 10.4. Should the Fraud Response Team decide that an investigation is required, this would normally be led by the College Secretary. The decision by the panel to initiate a fraud investigation shall constitute authority to the College Secretary to use time in the Internal Audit Plan for special investigations, or contingency time or to switch internal audit resources from planned audits.
- 10.5. Where the suspected fraud could have significant legal, financial or reputational consequences, the initiation of the investigation will be done in such a way as to preserve legal privilege where possible.
- 10.6. For smaller, less complex frauds, it may not be appropriate to establish a Fraud Response Team. In this case, the Fraud Response Team may simply comprise the President & Vice-Chancellor, College Secretary and Chief Financial Officer.
- 10.7. Confidentiality will be maintained, however the Fraud Response Team will be responsible for ensuring that the Chair of Audit and Risk Committee and the Chair of Council are kept informed of the progress of the investigation and will consider the need for a wider communication to stakeholders.

11. Establishing and securing evidence.

- 11.1. The College will follow standard and established disciplinary procedures against any member of staff who has committed fraud. Additionally, the College will normally consider prosecution of any such individual.
- 11.2. In securing and handling evidence it should be assumed that all evidence may need to be presented in legal proceedings and will therefore be treated accordingly. All evidence should ideally be gathered and retained by the Investigating Officer in line with the Police and Criminal Evidence Act 1984

(PACE), Criminal Procedure Investigations Act 1996 (CPIA) and any other relevant (or local legislation if outside of the UK).

- 11.3. Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the College will act to prevent further loss. This may require the suspension of the individual(s) suspected of fraud and removal of physical (i.e. campus, building and office) and systems access rights. Any suspension will be in accordance with College's disciplinary procedures but it may be necessary to plan the timing of suspensions to prevent individuals from destroying or removing evidence that may be needed to support the investigation process. However, it should be recognised that there may occasionally be circumstances where it is decided to allow a fraud – and associated losses – to continue to identify, for example, further culprits.

12. Police involvement

- 12.1. All frauds, irrespective of size will be reported to the Police through the Action Fraud website [http:// www.actionfraud.police.uk](http://www.actionfraud.police.uk) . The College Secretary will also report the fraud to the College's Audit & Risk Committee. For significant frauds, the College Secretary will contact the police and arrange a meeting. All contact with the police should be channelled through the College Secretary.
- 12.2. Where the Police or Action Fraud are not notified of a suspected or actual fraud, the Audit Committee should be advised of the reason.

13. Recovery of losses

- 13.1. Recovering losses is clearly a priority for a fraud response investigation. Internal Audit or those investigating the incident should ensure that in all fraud investigations the amount of any loss is quantified. Repayment of losses should be sought in all cases.
- 13.2. Where the loss is (potentially) substantial, legal advice should be obtained without delay about the need to freeze an individual's assets through the courts pending the conclusion of the investigation. Legal advice should also be sought about the prospects for recovering losses through the civil court in circumstances where the perpetrator(s) refuse repayment. The College would normally expect to recover costs in addition to losses. The College's insurers should be involved in such cases. The Chief Financial Officer will be the channel for all communication with the insurers, internal audit and the College's lawyers.
- 13.3. The College Secretary will provide a confidential report to the Audit & Risk Committee. The report should include the circumstances surrounding the case including value of losses, contributory factors and progress with the investigation.
- 13.4. Any incident meeting the criteria for a report to the regulators should be reported without delay to the President & Vice-Chancellor, the Chair of Council, the Chair

of the Audit & Risk Committee and the Chair of the Planning & Resources Committee where there is a potential financial loss.

- 13.5. The College will also consider if incidents not meeting the criteria should be reported both to the regulator as well as to sector fraud alert networks (e.g. via British Universities Finance Directors' Group), to anonymously warn other sector bodies of potential risks.

14. Communication of findings and closure

- 14.1. In addition to the reporting noted above, the College Secretary, Chief Operating Officer and Chief Financial Officer will consider the merits of wider communication within the College. Such communications may include all staff emails to raise awareness, and more detailed reporting to managers including but not limited to the Executive Board.
- 14.2. Such communications increase levels of awareness and help to establish a counter-fraud culture in the College.